

Petitioners Response to Record Requests  
DTE 03-98

Record Request 1 and 2:

- 1) Request for members present at the meeting at which vintage information was allegedly given to the Town of Quincy by N MECO
- 2) Provide any information that the City of Quincy has which shows vintage information that Mass Electric allegedly provided

Responses to both of these record request, were distributed to the department and the Company at the March 8 Hearing.

Attached Response prepared by Mr. Bill Repoff, Operation Manager. Quincy DPW, 55 Sea St. Quincy, MA

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Record Request 3

Provide other component repairs made for Natick, Waltham, Watertown and Westwood. Provide repairs not listed on the Brite-Lite Chart for the 4 above communities.

Response. The Brite\_Lite report did not provide any information on general maintenance repairs in the four reference communities. The report, which is attached, was limited to responding to the Town's request for the capital replacements of fixtures, brackets, and dedicated poles and equipment associated with dedicated pole replacements, because that the entire universe of capital replacement events listed by MECO as having occurred in both communities since the completion of the sodium conversion in both communities. The purpose of the report was to provide a basis for the Towns to develop a reasoned assumption regarding the portion of that capital replacement activity, as reported by MECO, that could reasonably be attributed to the municipal streetlights as opposed to non municipal streetlights. This was necessary because MECO was unable to provide any information regarding such an allocation between municipal streetlights and non municipal streetlights.

Response prepared, with respect to Swampscott, by or under the supervision of Town Administrator, Andrew Maylor, Swampscott Town Hall, 25 Monument Ave., Swampscott, MA

Response prepared, with respect to Franklin by or under the supervision of Town Administrator, Jeffrey Nutting, Franklin Town Hall, 150 Emmons St. Franklin, MA.

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Record Request 4:

Provide records provided to Swampscott from Boston Edison regarding commercial streetlight additions that informed your response to Information request #3.

Response: Boston Edison tracks commercial streetlights in their account 636. Please find attached the Boston Edison records for account 636 that were reviewed by both Swampscott and Franklin, regarding the streetlight net book value purchase calculation for the following town's:

Natick	100 % of commercial s additions after 1965
Waltham	98 % of commercial additions after 1965
Stoneham	97 % of commercial additions after 1959
Chelsea	100% of commercial additions after 1960

This minimal additions activity in the commercial streetlight account in the early years, contrasts with the significant additions activity in the municipal streetlight account (account 635), which contrasting documents are included in response to record request 5

Both Town Administrator's relied on the representations of their counsel, that a similar pattern of minimal commercial additions activity in the early years was present in the other streetlight book value calculations listed in the response to information request 3.

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Record Request 5

Provide information to substantiate statement in IR MECO 1-11 that if BECO had been allowed to count only the post 1963 retirements of mercury and sodium fixtures to the exclusion of the of the pre 1963 retirements of incandescent fixtures and brackets, then the sale price of the streetlights in Framingham, Natick, Westwood, Boston, Waltham, Arlington, Winchester, Stoneham, Bedford, Burlington, Chelsea, Brookline would have increased. In addition list other communities for which you believe this to be the case and provide same information.

Response:

Please find attached the complete listing of Boston Edison additions, retirements, annual depreciation and accumulated depreciation for the four communities listed above in response to record request 4, as well as the Stone and Webster reorganization of the Mass Electric Purchase price data found at Tab E of the petition, as well as in Exhibit DCM – 5, (reorganized to show total annual additions and retirement activity) and the Franklin 1997 MECO tax book value, (Exhibit DCM-2). Both Town Administrator's reviewed and compared this documentation and relied on the comparisons between these documents to make the representation, quoted above, in response to the Company's record request 11.

Please note for example the following comparisons between the formula proposed by Mass Electric and the formula applied in these other 4 communities. All communities except Stoneham are post DTE 01-25 communities. Mr. Nutting was the Town Administrator of Stoneham at the time of the streetlight purchase in Stoneham. Mr. Maylor was the Deputy City Manager of Chelsea at the time of the streetlight purchase in Chelsea.

Book Value Formula Differences

Gross Plant Investment :

In the reference communities the gross plant investment in the carry over year is equal to the annual reconciliation of the community specific additions and retirements, in the carry over year. As a result, to the extent that the community specific retirement activity and additions activity in the years prior to 1944 was

accurately captured in the annual calculation of gross plant investment in those prior years, the Gross plant investment in the carry over year includes 100% of the retirement and additions activity from those prior years.

In MECO's case the Gross Plant investment in the carryover year of 1963 is derived from the Company's new formula that ignores the retirement activity and additions activity prior to 1963, in spite of the fact that the 1963 carryover balance for Gross Plant Investment (and Accumulated depreciation) from the tax Book value records is available, and would reflect 100% of the community specific retirement and additions activity.

In the reference communities the annual gross plant investment, is modified by community specific additions and community specific retirements each year following the carry over year, and is the same common gross plant value used for tax book and or sale book calculations each year thereafter.

In MECO's case, the Company's new formula, calculates a new gross plant investment for the existing plant in 1963, and calculates an entirely separate value for retirements. The impact of bifurcating the calculation of these two separate values in 1963, one for retired plant and one for existing plant, is twofold. First the depreciation on pre 1963 additions is lost. Second the impact of any excess depreciation associated with retirements at the time of the mercury conversion in both communities is lost. This 1963 bifurcation of the two values, results in one set of gross plant investment for tax reasons, and a different set of gross plant investment for sale reasons.

For example, gross plant investment for sale reasons is not impacted by the investment in brackets and foundations as of 1963 (which can represent 38% of the overhead plant and 35% of the underground plant respectively, based on the values placed on the record in this proceeding) and is therefore different from the gross plant investment used for tax reasons. The gross plant values in the new MECO "book value" formula for sale purposes do not recognize the installation cost of brackets and foundations until 1980 and 1983, and therefore do not account for depreciation on bracket and foundations until 1980 and 1983 respectively.

The difference between the gross plant investment for sale purposes and the gross investment for tax book value purposes is demonstrated absolutely by the difference between these two numbers in Franklin in 1997, even though that difference is diminished in 1997 from the differences in those values prior to 1980 and 1983. The installation cost of brackets and foundations is accounted for in both 1997 gross plant values, (sale and tax gross plant values) but is only accounted for in the tax gross plant value prior to 1980.

#### Accumulated Depreciation

In the reference communities, the attached documentation shows that the accumulated depreciation in the carry over year (1944) is fixed at 50% of the gross plant

investment in the carry over year. Each year thereafter the depreciation is determined by multiplying a streetlight specific depreciation rate, (that reflects the useful life of streetlight equipment in accordance with DTE 98-89) times the Gross Plant Investment value (which is one single common value for both tax and sale reasons) to arrive at the annual depreciation value to be added to accumulated depreciation reserve.

By contrast, in MECO's approach, the accumulated depreciation is calculated using the company's new bifurcated formula, which ignores the depreciation of brackets prior to 1980 in both communities (which the Towns believe represents 38% of the streetlight depreciation in the overhead plant using the unit values on the record in this proceeding) and foundations in both communities prior to 1983, (35% of the streetlight dedicated pole and foundation cost, based on the unit values on the record in this proceeding), ignores depreciation on underground wire and over head wire prior to 1963 in both communities, and ignores any excess depreciation associated with significant retirement years coinciding with the mercury conversions in Swampscott in 1950 and 1955. The MECO formula uses an assumed depreciation rate of 4%, that does not reflect the useful life of streetlight equipment, and therefore does not comply with DTE 98-89, and multiplies that lower assumed depreciation rate by the newly recalculated and understated values for gross plant investment.

In addition to providing evidence of the differences in between DTE 01-25 applied by BECO and DTE 01-25 formula applied by MECO, the attached documents also show the differences in the dollar results, between the MECO interpretation of the formula "mandated by DTE 01-25" and the DTE 01-25 formula already applied by BECO in the reference communities. These differences are demonstrated by looking at the carryover balances in 1944:

#### 1944 comparisons of Franklin to reference communities

Community	Gross Investment	Accumulated Depreciation	Accumulated Depreciation % gross plant	Number of Municipal lights
Franklin	12,318	4,259	35%	1,616
Stoneham	35,021	17,510	50%	1,553
Chelsea	71,285	35,643	50%	1,683
Natick	51,838	25,919	50%	2,392
Waltham	89,212	44,606	50%	4,130

#### 1944 comparisons of Swampscott to reference Communities

Community	Gross Investment	Accum. Depreciation	Accum depreciation % gross plant	Number of Municipal lights
Swampscott	14,121	3,737	26%	1,458
Stoneham	35,021	17,510	50%	1,553

Chelsea	71,285	35,643	50%	1,683
Natick	51,838	25,919	50%	2,392
Watertown	73,420	36,709	50%	2,097
Waltham	89,212	44,606	50%	4,130

It is difficult to separate the impact on the depreciation reserve associated with the loss of pre 1963 retirement values, (which are available and would be captured in the 1963 Accumulated Reserve tax book value calculation) from the impact of the lost depreciation on pre 1963 additions, or pre 1980 bracket additions, or pre 1983 foundation additions (which are available and would be captured in the 1963 Accumulated Reserve tax book value calculation).

Both Town Administrators noted and were concerned about the fact that the gross plant investment in the two MECO communities, in the attached documentation, was so much less than the gross plant investment, used by BECO in their former communities, with a comparable number of streetlights ( The Swampscott. Gross plant value in 1944 is 40% of the comparable Stoneham Gross Plant Investment Value and 20% of the comparable Chelsea Gross Plant Value. The Franklin Gross Plant Value in 1944 is 35% of the comparable Stoneham Gross Plant Value and 17% of the comparable Chelsea Gross Plant Value).

Both Town Administrators noted and were concerned about the fact that the ancillary accounts for overhead wire in Stoneham and underground wire and overhead wire and Chelsea, in the attached documentation, had a negative book value at least 20 years earlier than in Franklin or Swampscott.

Both Town Administrators noted and were concerned about the differences shown in the attached documents between the MECO gross plant values, accumulated reserve values, and net book values in the tax book calculation and the sale book calculation in Franklin in 1997. Given that the tax book value is computed using composite distribution plant depreciation rates, the petitioners believe that the net book value for tax reasons should be *higher than* the sale book value, *not \$112,000 less than* the sale book value.

Given that the tax book value calculation is based on community specific retirement data, the Towns do not understand the need for the elaborate formula proposed by Mass Electric. The Towns believe that if the Mass Electric applies the same DTE 01-25 formula as the one used by BECO, and already approved by the department in the Waltham purchase price dispute, that the sale value should begin with the gross plant investment calculated for tax reasons in 1963, and use the community specific additions and community specific retirements each year thereafter so that the result is one common set of gross plant investment values for each year since 1963 for both sale and tax reasons, and that a streetlight specific depreciation rate (as opposed to tax value composite depreciation rate) should be applied to that one common set of gross plant investment numbers for each year since 1963, and the result will be a streetlight

purchase price that is less than, not \$112,000 more than the unamortized value calculated for tax reasons.

The above information and the attached documentation is the basis for the Town's response to information request 1-11, that the price would have gone up if BECO had been allowed to use the new bifurcated formula proposed by MECO, which formula MECO claims is mandated by DTE 01-25.

With respect to the other communities listed in the Town's response to information request 1-11, the petitioners relied on the representation of counsel that the documentation for the other communities named in that response would result in the exact same conclusions. (Franklin also reviewed the BECO DTE 01-25 purchase price documentation for Brookline. That documentation is also attached.)

Response prepared, with respect to Swampscott, by or under the supervision of Town Administrator, Andrew Maylor, Swampscott Town Hall, 25 Monument Ave., Swampscott, MA

Response prepared, with respect to Franklin by or under the supervision of Town Administrator, Jeffrey Nutting, Franklin Town Hall, 150 Emmons St. Franklin, MA.



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Record Request 6

Provide any information that you have to back up your understanding that Mecos provision of information regarding the number of municipal request for new installations, upgrades or changes since 12/31/95 is smaller than the number shown on table 4 WAF -1

Response:

Please see the attached summaries of the new installations for "overhead" installations in Franklin since December 31, 1995 showing 98 installations using town records, and 78 installations using MECO records, ( MECO records provided in response to Town Information request 1-18, together with the May 2003 MECO list of 1616 streetlights for sale, which is included in the petition Tab C beginning at page 122.)

Response prepared, by or under the supervision and Mr. William Fitzgerald, DPW Director, Franklin Town Hall, 150 Emmons St. Franklin, MA.

Record Request 7

Provide all information regarding all requests by Franklin for streetlight inventory information over time and the response that MECO provided.

Response: Please see attached email from Linda Feeley of the town of Franklin DPW department, detailing email and telephone communications between the Town and June Wooding and Dale Hermanson of Mass Electric, dating back to 2001, including the MECO representation from June Wooding that the information requested regarding the non municipal lights could not be provided.

Response prepared, by or under the supervision and Ms. Linda Feeley, Franklin DPW, Franklin Town Hall, 150 Emmons St. Franklin, MA.

Record Request 8.

Provide information regarding the streetlight electric permit process in Franklin.

Response: see attached email from William Fitzgerald, DPW Director in Franklin regarding the two permit processes used by the town, the occupancy permit process and the electrical permit process, as well as the town documents that describe those two permit processes.

Response prepared, by or under the supervision and Mr. William Fitzgerald, DPW Director, Franklin Town Hall, 150 Emmons St. Franklin, MA.

Record Request 9

Identify in WAF 5, which are overhead lights and which are underground lights.

See attached Email from Mr. Fitzgerald that all of the lights in WAF 5 are underground lights. Mr. Nutting makes the same representation in his pre-filed testimony.

Response prepared, by or under the supervision and Mr. William Fitzgerald, DPW Director, Franklin Town Hall, 150 Emmons St. Franklin, MA.

Record Request 10

Provide all files supporting exhibits WAF5 and WAF 6 in electronic format. Include an explanation for all column headings.

Response: see attached email from Mr. William Fitzgerald, as well as a disc with the supporting file in electronic format.

Response prepared, by or under the supervision and Mr. William Fitzgerald, DPW Director, Franklin Town Hall, 150 Emmons St. Franklin, MA.

Petitioners Response to Record Requests  
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Record Request 11.

Provide a final list of the streetlights that the Town wishes to purchase.

Response: See attached email from Mr. William Fitzgerald.

Response prepared, by or under the supervision and Mr. William Fitzgerald, DPW  
Director, Franklin Town Hall, 150 Emmons St. Franklin, MA.

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Record Request 12 through 14

- 12) Provide the complete analysis performed by Stone and Webster, including all work papers, backup documentation that was provided to Stone and Webster by the Towns.
- 13) Provide supporting documentation for Table 10
- 14) Provide all documentation relating to Moody's post-conversion conclusion of 22% town 78% non town in Franklin.
- 15) Provide all documentation relating to Moody's post Conversion conclusion of 8 percent town and 92% non town in Swampscott.

Response: Please see attached four files prepared by Stone and Webster in response to above 4 listed records requests:

File 1:

Table 10 annotated with page references to the attached documents where the values for the two bases cases for Swampscott and the S&W book value allocation case for Swampscott are derived.

Table 10 annotated with page references to the attached documents where the values for the two bases cases for Franklin and the Stone and Webster book value allocation case for Franklin are derived.

File 2:

All Stone and Webster work papers

File 3:

All Stone and Webster Notes Correspondence and preliminary analysis

File 4

All Documents received from the Towns, not included in the above three files.

In summary, The Town provided the assumptions regarding the new municipal installations and the capital replacements frequencies from the Brite-Lite report, and the MECO capital cost numbers for both Town form DTE 2-2. Stone and

Webster completed the net book value allocations between municipal and commercial streetlights based on those Town provided assumptions.

Above Response prepared, with respect to Swampscott, by or under the supervision of Town Administrator, Andrew Maylor, Swampscott Town Hall, 25 Monument Ave., Swampscott, MA

Above Response prepared, with respect to Franklin by or under the supervision of Town Administrator, Jeffrey Nutting, Franklin Town Hall, 150 Emmons St. Franklin, MA.

Stone and Webster documentation and annotations, attached hereto were prepared by or under the supervisions by David Moody, Stone and Webster, Main St. Cambridge, MA.



## Towns Exhibit Inventory 1

MECO 2001 Streetlight Inventory Provided to Town of Swampscott

## Town Exhibit Inventory 2

MECO 1997 Streetlight Inventory Provided to Town of Franklin